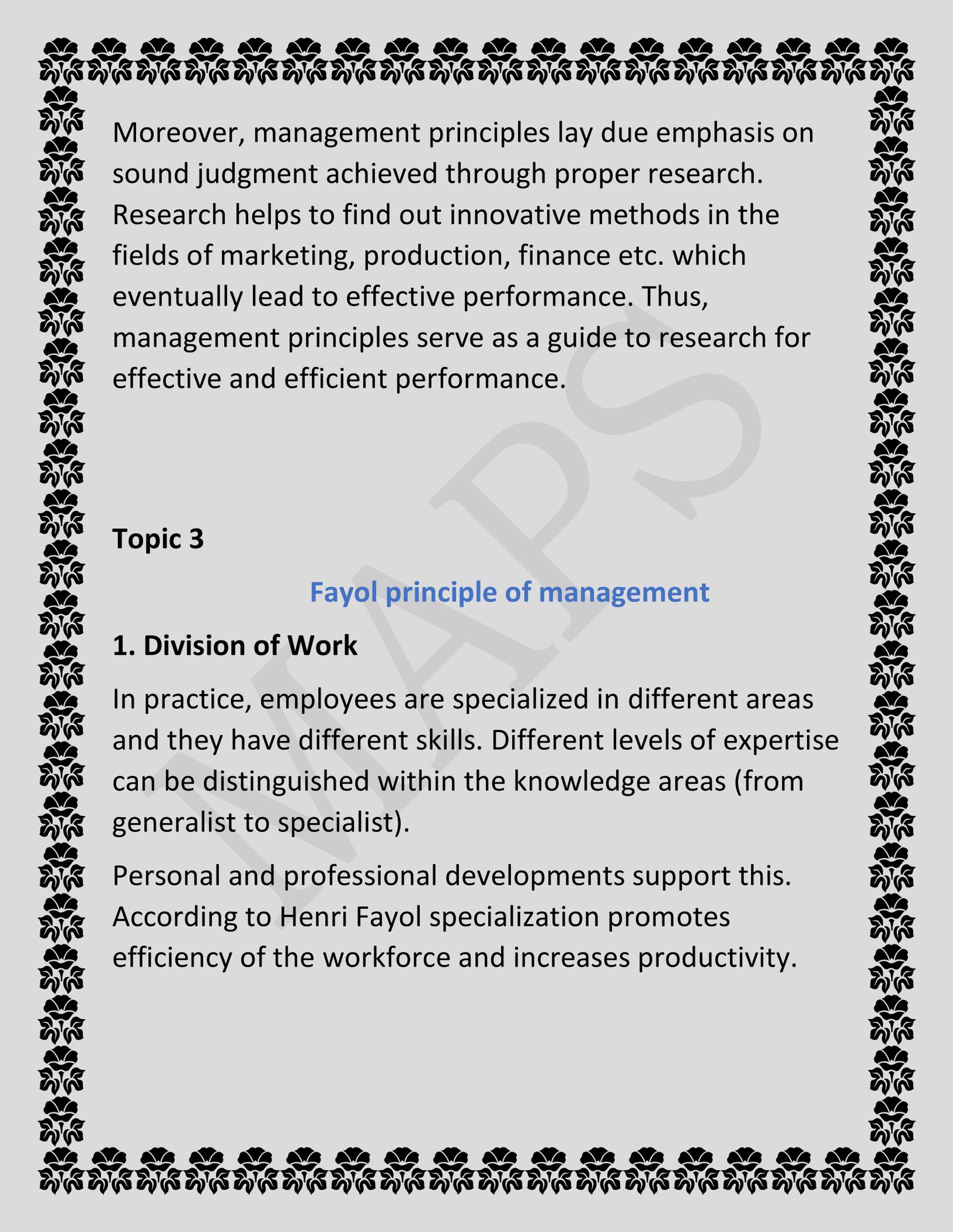
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For example, the principle of equity at present is applicable not only to wages alone but it also includes the care of environment; values of the customer etc. Shri Mahila Greha Udyog Lijjat Papad, besides working on the ‘concepts of business’ and concepts of devotion’, has given due emphasis on the ‘concept of family’ too. All the functions of the organisation are dealt with in a manner similar to that of a family providing full support for the development of its member sisters, employees and well wishers.

## **6. Management Training, Education and Research:**

Principles of management are the central point of management theory. So they are used as a basis for management training, education and research. These principles are an integral and important part of the curriculum of various management courses at Bachelor level such as B.B.A (Bachelor of Business Administration) and Master level such as M.B.A (Master of Business Administration).

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Moreover, management principles lay due emphasis on sound judgment achieved through proper research. Research helps to find out innovative methods in the fields of marketing, production, finance etc. which eventually lead to effective performance. Thus, management principles serve as a guide to research for effective and efficient performance.

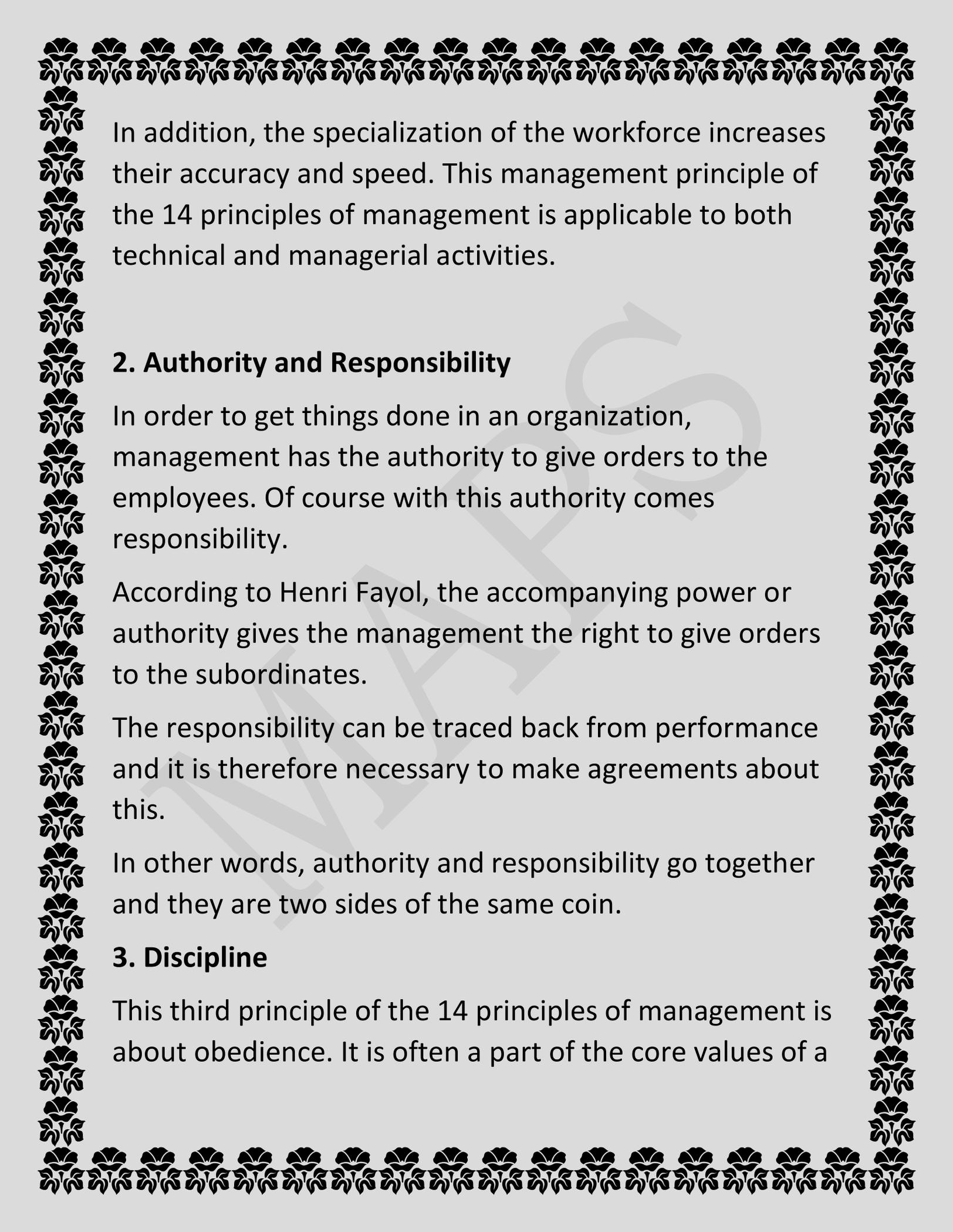
### Topic 3

## Fayol principle of management

### 1. Division of Work

In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist).

Personal and professional developments support this. According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity.

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In addition, the specialization of the workforce increases their accuracy and speed. This management principle of the 14 principles of management is applicable to both technical and managerial activities.

## **2. Authority and Responsibility**

In order to get things done in an organization, management has the authority to give orders to the employees. Of course with this authority comes responsibility.

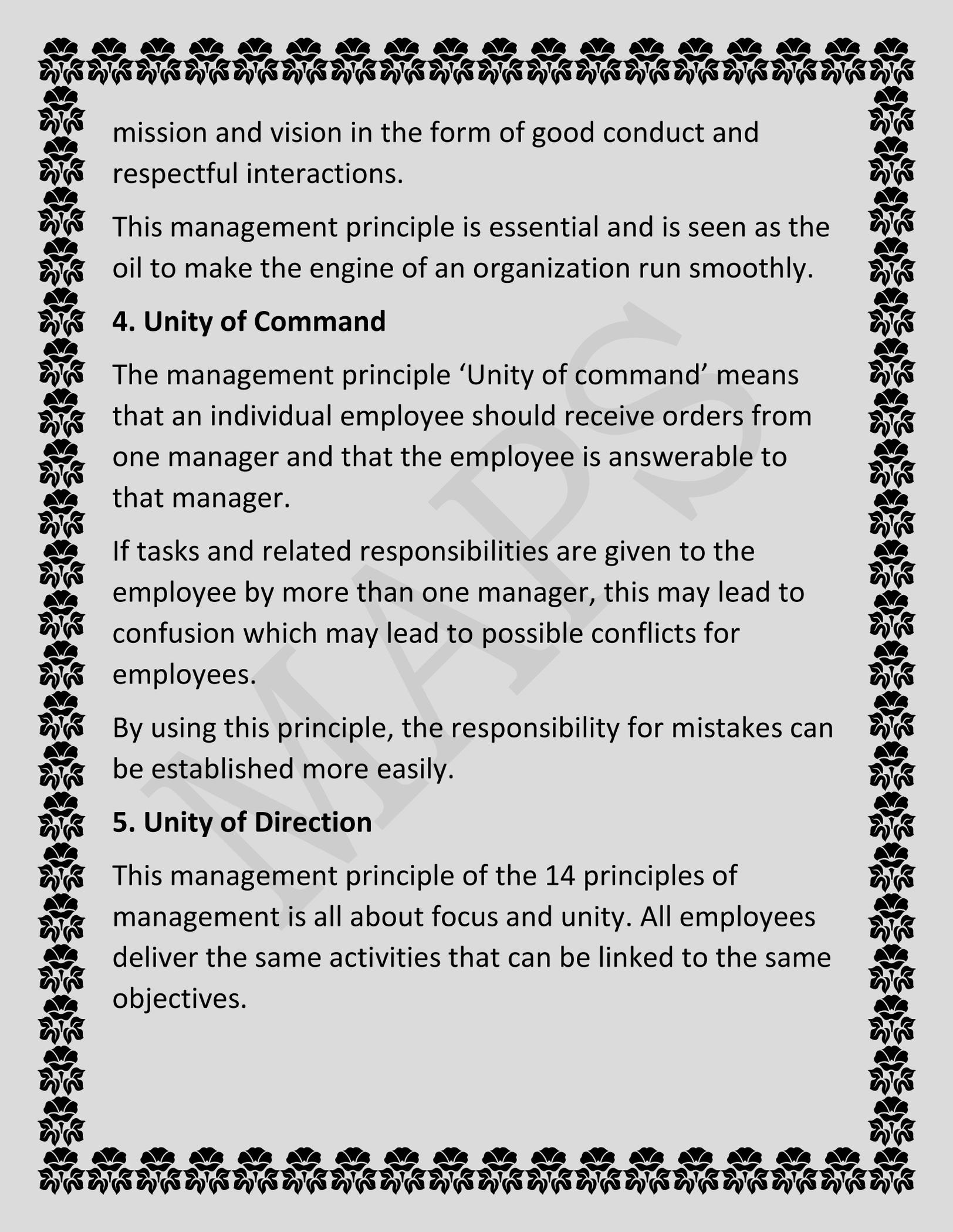
According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to the subordinates.

The responsibility can be traced back from performance and it is therefore necessary to make agreements about this.

In other words, authority and responsibility go together and they are two sides of the same coin.

## **3. Discipline**

This third principle of the 14 principles of management is about obedience. It is often a part of the core values of a

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mission and vision in the form of good conduct and respectful interactions.

This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.

#### **4. Unity of Command**

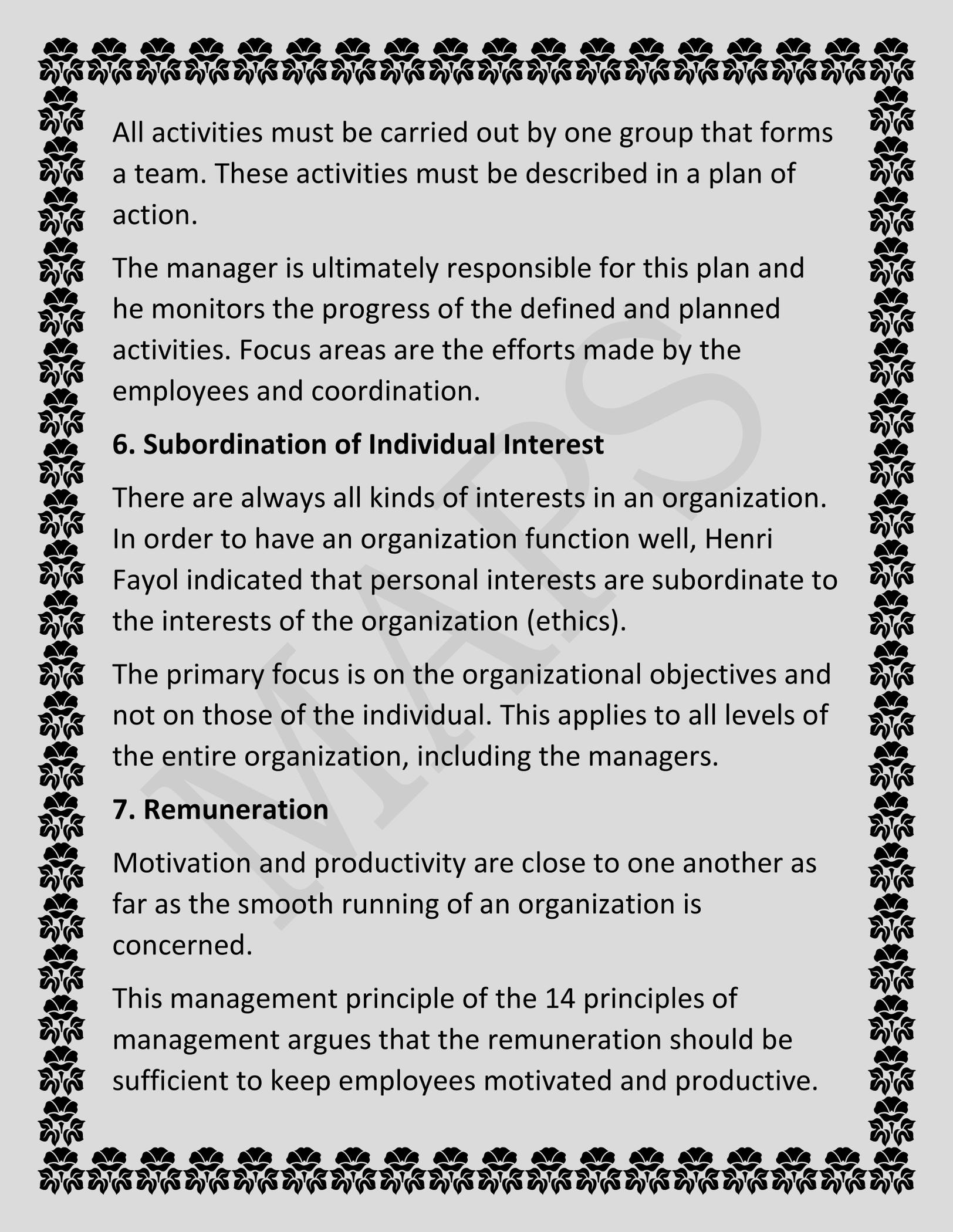
The management principle 'Unity of command' means that an individual employee should receive orders from one manager and that the employee is answerable to that manager.

If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees.

By using this principle, the responsibility for mistakes can be established more easily.

#### **5. Unity of Direction**

This management principle of the 14 principles of management is all about focus and unity. All employees deliver the same activities that can be linked to the same objectives.

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All activities must be carried out by one group that forms a team. These activities must be described in a plan of action.

The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities. Focus areas are the efforts made by the employees and coordination.

## **6. Subordination of Individual Interest**

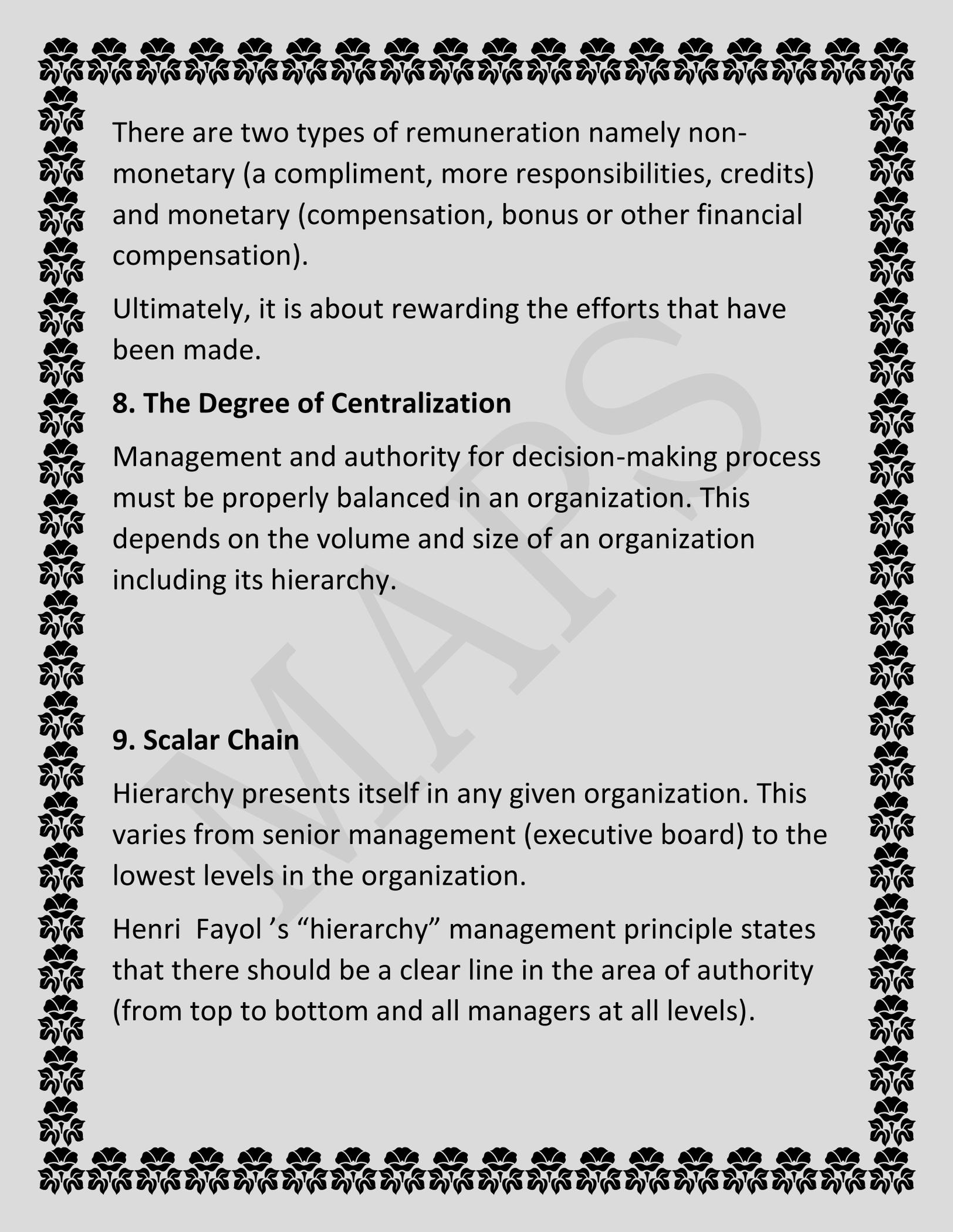
There are always all kinds of interests in an organization. In order to have an organization function well, Henri Fayol indicated that personal interests are subordinate to the interests of the organization (ethics).

The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers.

## **7. Remuneration**

Motivation and productivity are close to one another as far as the smooth running of an organization is concerned.

This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive.

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There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation).

Ultimately, it is about rewarding the efforts that have been made.

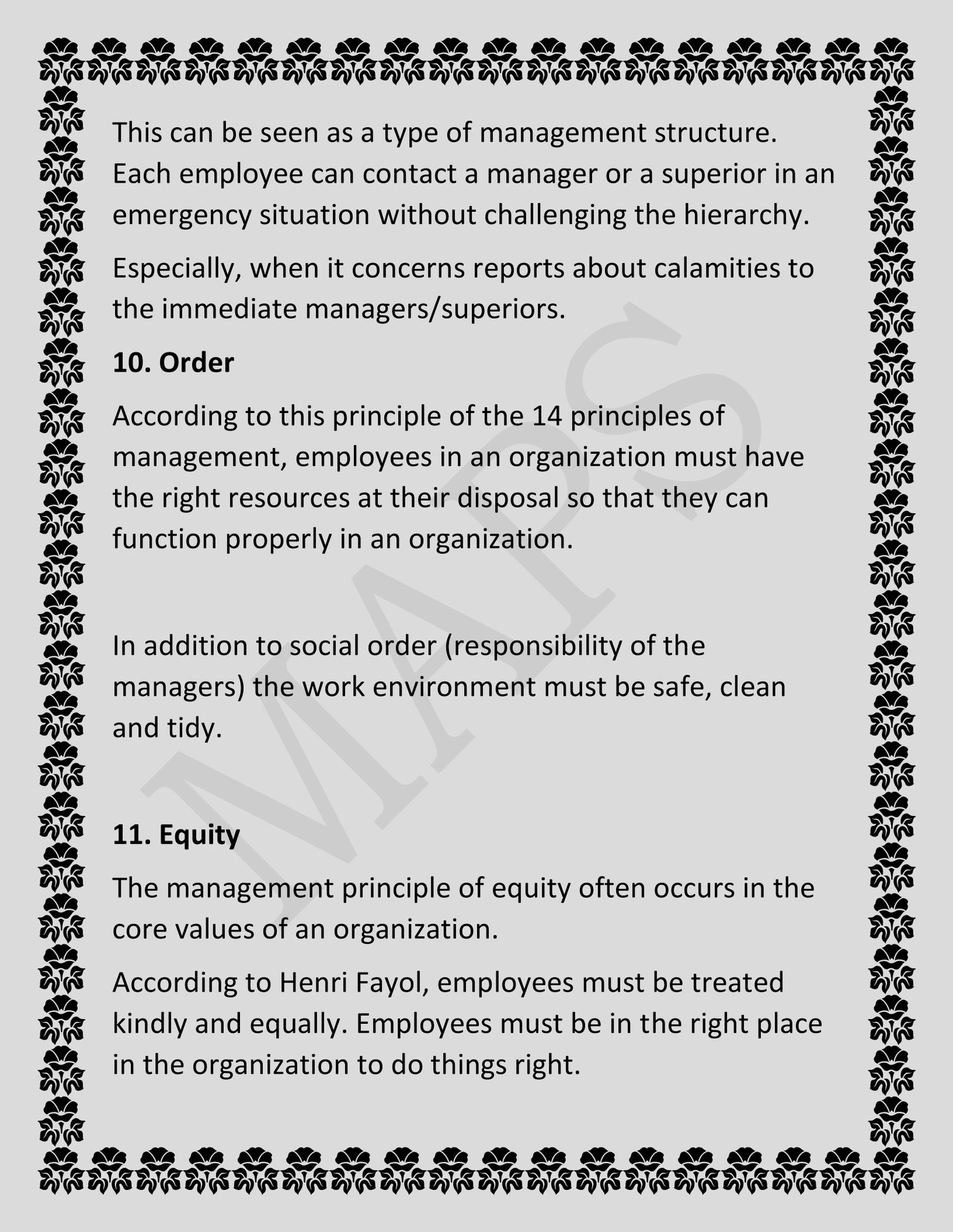
### **8. The Degree of Centralization**

Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy.

### **9. Scalar Chain**

Hierarchy presents itself in any given organization. This varies from senior management (executive board) to the lowest levels in the organization.

Henri Fayol's "hierarchy" management principle states that there should be a clear line in the area of authority (from top to bottom and all managers at all levels).

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This can be seen as a type of management structure. Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy. Especially, when it concerns reports about calamities to the immediate managers/superiors.

### **10. Order**

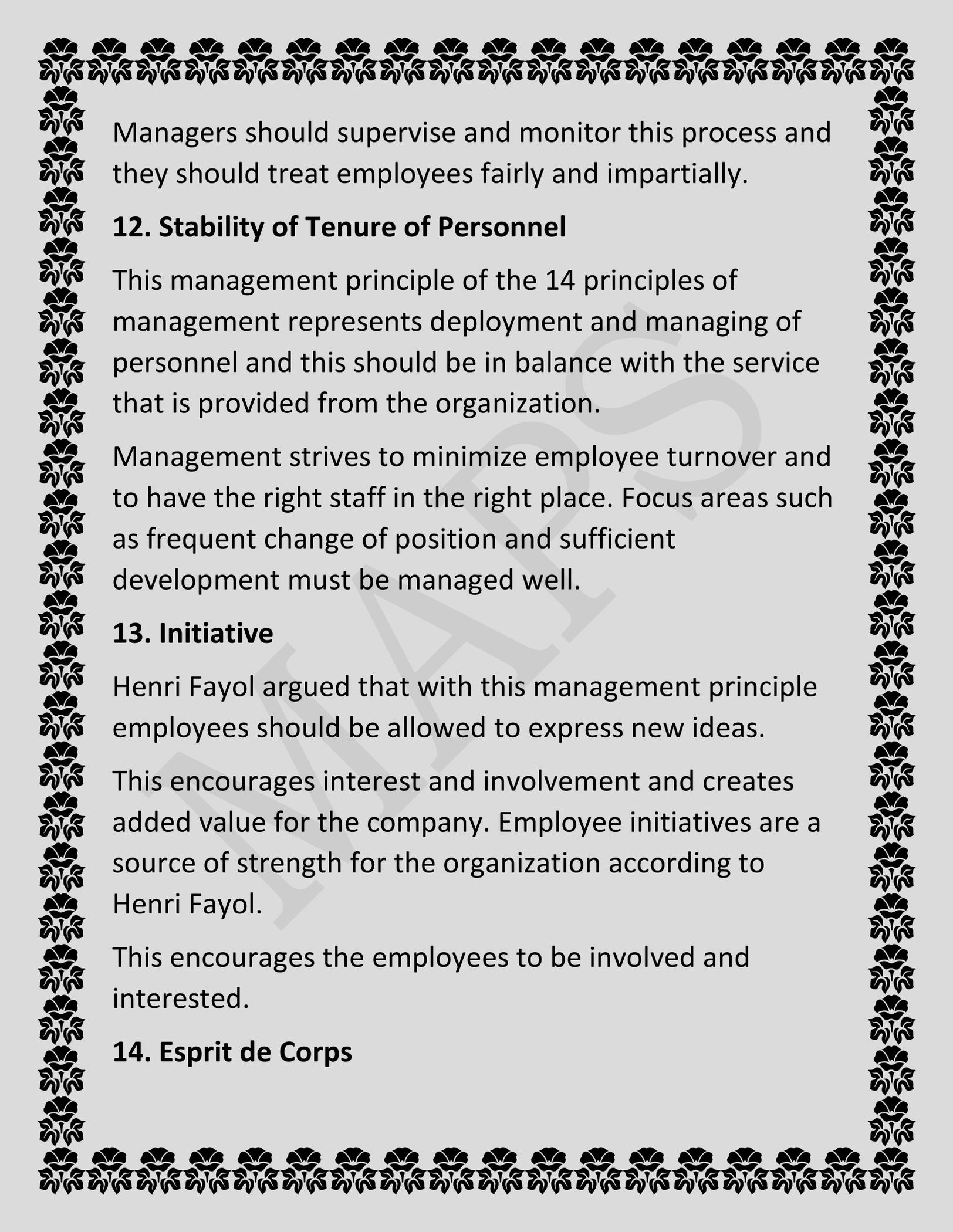
According to this principle of the 14 principles of management, employees in an organization must have the right resources at their disposal so that they can function properly in an organization.

In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy.

### **11. Equity**

The management principle of equity often occurs in the core values of an organization.

According to Henri Fayol, employees must be treated kindly and equally. Employees must be in the right place in the organization to do things right.

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Managers should supervise and monitor this process and they should treat employees fairly and impartially.

## **12. Stability of Tenure of Personnel**

This management principle of the 14 principles of management represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization.

Management strives to minimize employee turnover and to have the right staff in the right place. Focus areas such as frequent change of position and sufficient development must be managed well.

## **13. Initiative**

Henri Fayol argued that with this management principle employees should be allowed to express new ideas.

This encourages interest and involvement and creates added value for the company. Employee initiatives are a source of strength for the organization according to Henri Fayol.

This encourages the employees to be involved and interested.

## **14. Esprit de Corps**

The management principle 'esprit de corps' of the 14 principles of management stands for striving for the involvement and unity of the employees.

Managers are responsible for the development of morale in the workplace; individually and in the area of communication. Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding.

## Topic 4

### Scientific management

scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way;-F.W.Taylor

### principle of scientific management

#### (1) Science, Not Rule of Thumb:

This principle says that we should not get stuck in a set routine with the old techniques of doing work, rather we should be constantly experimenting to develop new

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techniques which make the work much simpler, easier and quicker.

**(2) Harmony, Not Discord:**

As per this principle, such an atmosphere should be created in the organisation that labour (the major factor of production) and management consider each other indispensable.

Taylor has referred to such a situation as a 'Mental Revolution'. Taylor firmly believed that the occurrence of a mental revolution would end all conflicts between the two parties and would be beneficial to both of them.

**(3) Cooperation, Not Individualism:**

According to this principle, all the activities done by different people must be carried on with a spirit of mutual cooperation. Taylor has suggested that the manager and the workers should jointly determine standards. This increases involvement and thus, in turn, increases responsibility. In this way we can expect miraculous results.

**(4) Development of Each and Every Person to His / Her Greatest Efficiency and Prosperity:** According to this principle, the efficiency of each and every person should

be taken care of right from his selection. A proper arrangement of everybody's training should be made.

## **Techniques of scientific management**

### **1. FUNCTIONAL FOREMANSHIP–**

Functional Foremanship is an extension of the principal of Division of Work or specialisation to the shop floor. Each worker has to take orders from eight foremen in the process of production. Foremen should have intelligence, education, tact, judgement, special knowledge, energy, honesty etc. So Taylor proposed eight specialists.

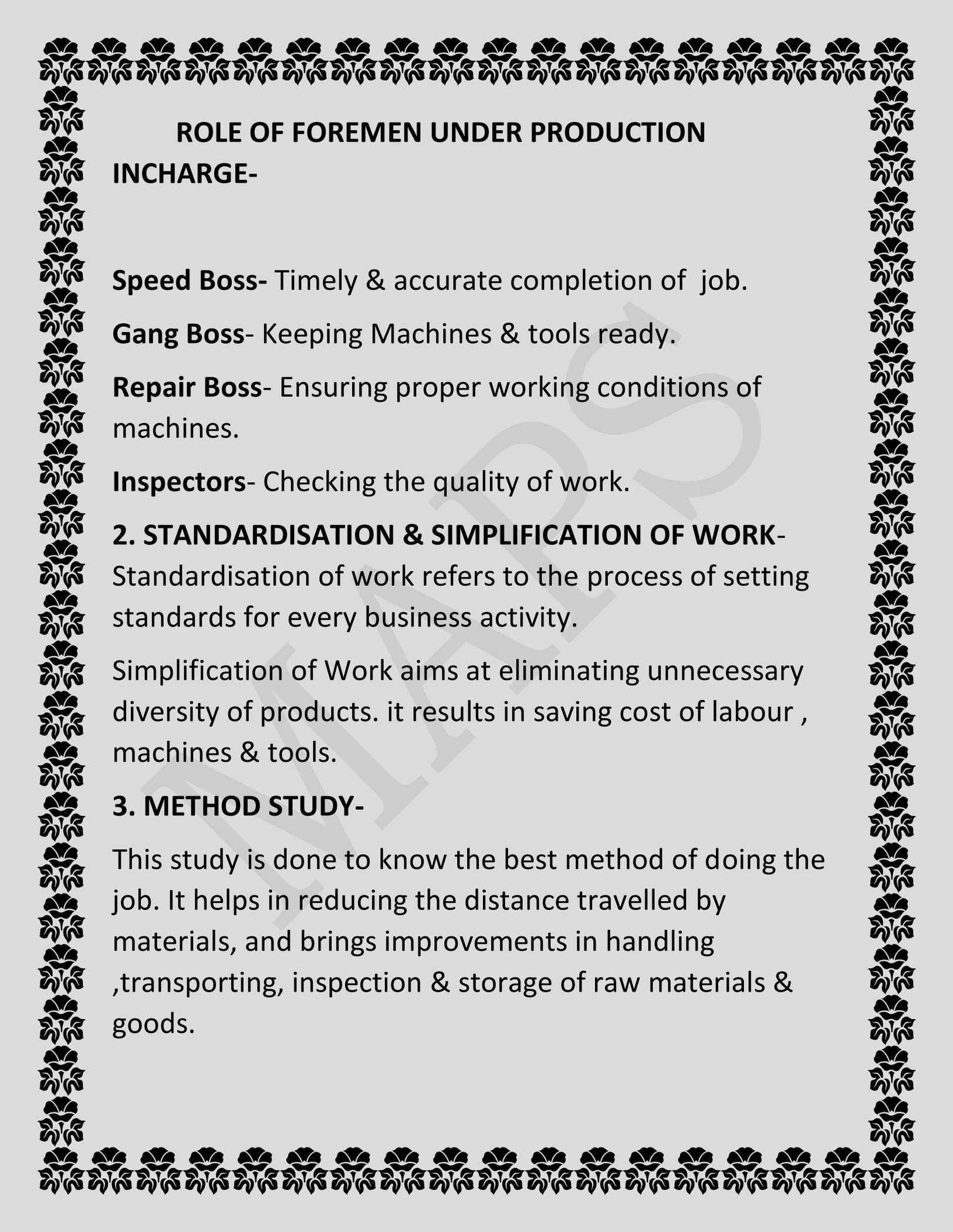
### **ROLE OF FOREMEN UNDER PLANNING INCHARGE-**

**Instruction Card Clerk-** Drafting instructions for workers.

**Route Clerk-** Specifying the route for production.

**Time & Cost Clerk-** Preparation of Time & Cost Sheet.

**Disciplinarian-** Ensuring Discipline.



## **ROLE OF FOREMEN UNDER PRODUCTION INCHARGE-**

**Speed Boss-** Timely & accurate completion of job.

**Gang Boss-** Keeping Machines & tools ready.

**Repair Boss-** Ensuring proper working conditions of machines.

**Inspectors-** Checking the quality of work.

### **2. STANDARDISATION & SIMPLIFICATION OF WORK-**

Standardisation of work refers to the process of setting standards for every business activity.

Simplification of Work aims at eliminating unnecessary diversity of products. it results in saving cost of labour , machines & tools.

### **3. METHOD STUDY-**

This study is done to know the best method of doing the job. It helps in reducing the distance travelled by materials, and brings improvements in handling ,transporting, inspection & storage of raw materials & goods.

#### **4. MOTION STUDY-**

It is the study of movement of an operator or a machine to eliminate useless motions & find out the best method of doing a job. The purpose of motion study is (i) to find & eliminate wasteful motions among the workers, (ii) to design best method of doing various jobs.

#### **5. TIME STUDY-**

It refers to determine the standard time required to complete a particular activity. This study is conducted with the help of a stopwatch.

#### **6. FATIGUE STUDY-**

It refers to determine the duration and frequency of rest intervals to complete a particular job. The rest refreshes the workers. They work again with their full capacity. The main objective is to maintain the efficiency level of workers.

#### **7. DIFFERENTIAL PIECE WAGE SYSTEM-**

Taylor has advised the adoption of differential wage system. It is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their performance.

## Assignment 2

1 Explain 'unity of command' and 'equity' as principles of general management. (CBSE, Delhi 2017)

2 Explain briefly 'discipline' and 'scalar chain' as principles of general management. (CBSE, Delhi 2017)

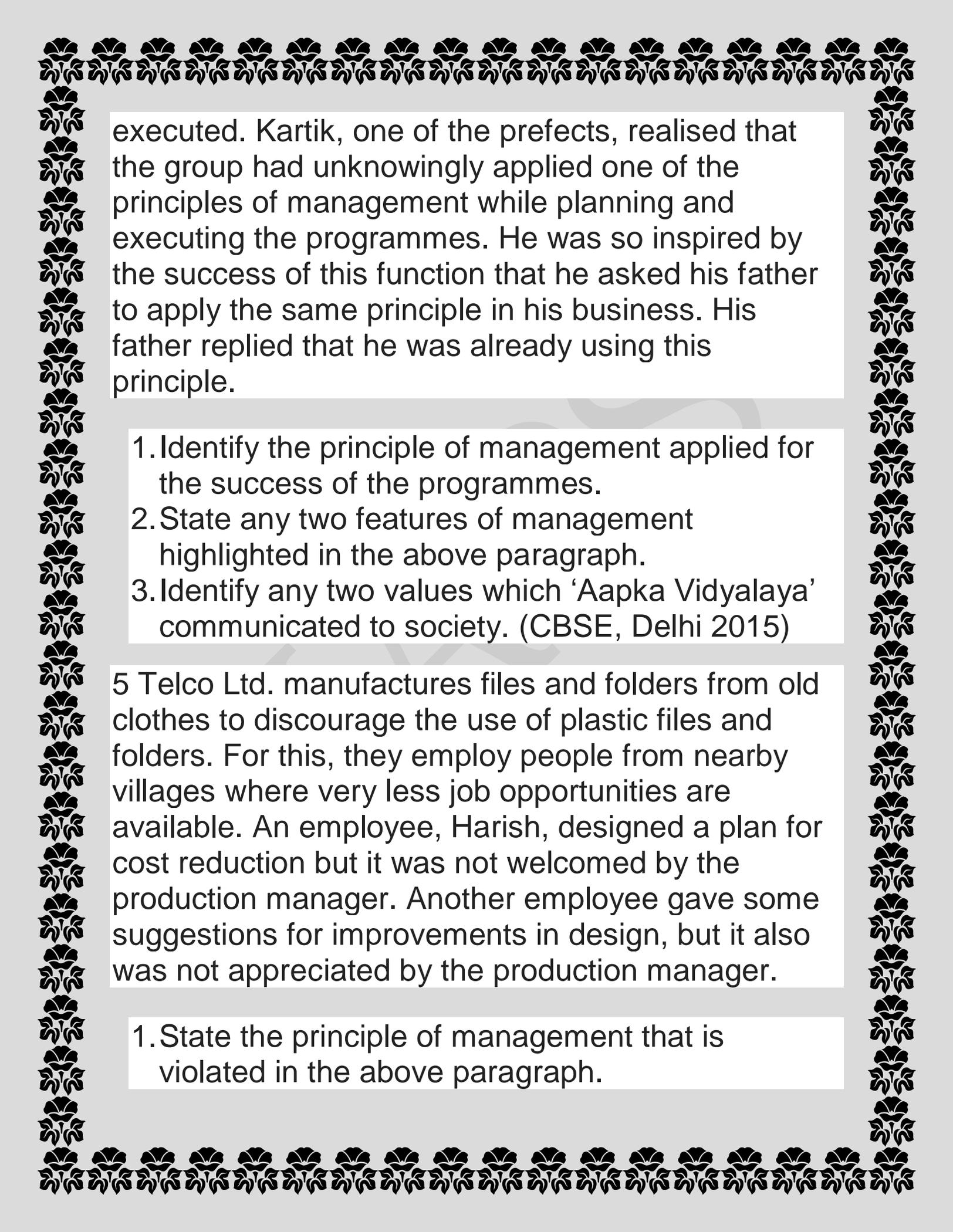
3 Nutan Tiffin Box service was started in Mumbai by the Mumbai Dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at the right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently, they have started online booking system through their website 'mydabbawala.com'. Owing to their tremendous popularity amongst the happy and satisfied customers and members, the Dabbawalas were invited as guest lecturer by top business schools. The Dabbawalas operate in a group of 25-30 people alongwith a group leader. Each group teams up with other groups in order to deliver the tiffins on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while

doing trade—no alcohol during working hours; no leaves without permission; wearing white caps and carrying ID cards during business hours.

Recently, on the suggestion of a few self-motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffins by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later.

1. State any one principle of management given by Fayol and one characteristic of management mentioned in the above case.
2. Give any two values which the Dabbawalas want to communicate to society. (CBSE, Sample Paper 2016)

4 Aapka Vidyalaya' believes in the holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its Founder's Day, a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all the members supported each other. With mutual trust and a sense of belonging, the programmes were systematically planned and

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executed. Kartik, one of the prefects, realised that the group had unknowingly applied one of the principles of management while planning and executing the programmes. He was so inspired by the success of this function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.

1. Identify the principle of management applied for the success of the programmes.
2. State any two features of management highlighted in the above paragraph.
3. Identify any two values which 'Aapka Vidyalaya' communicated to society. (CBSE, Delhi 2015)

5 Telco Ltd. manufactures files and folders from old clothes to discourage the use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for cost reduction but it was not welcomed by the production manager. Another employee gave some suggestions for improvements in design, but it also was not appreciated by the production manager.

1. State the principle of management that is violated in the above paragraph.

2. Identify any two values that the company wants to communicate to the society. (CBSE, OD 2014)

## **Chapter 3 Business Environment**

### **Topic 1**

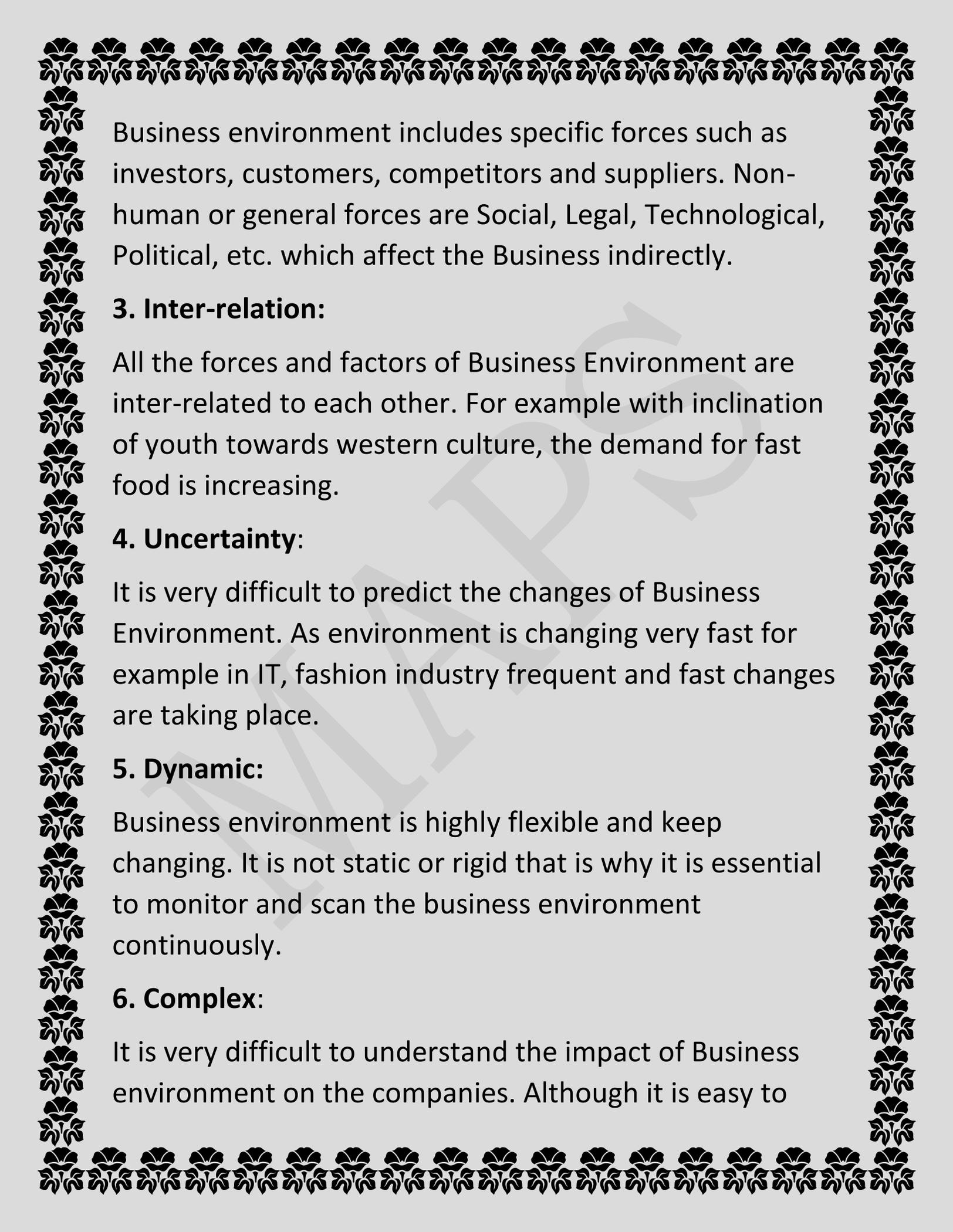
**Meaning of business environment:**-business environment means the sum total of all individuals or institutions and other forces that are outside the control of a business enterprises but that may affect its performance.

#### **Feature of business environment**

##### **1. All the external forces:**

Business Environment includes all the forces, institutions and factors which directly or indirectly affect the Business Organizations.

##### **2. Specific and general forces:**

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Business environment includes specific forces such as investors, customers, competitors and suppliers. Non-human or general forces are Social, Legal, Technological, Political, etc. which affect the Business indirectly.

### **3. Inter-relation:**

All the forces and factors of Business Environment are inter-related to each other. For example with inclination of youth towards western culture, the demand for fast food is increasing.

### **4. Uncertainty:**

It is very difficult to predict the changes of Business Environment. As environment is changing very fast for example in IT, fashion industry frequent and fast changes are taking place.

### **5. Dynamic:**

Business environment is highly flexible and keep changing. It is not static or rigid that is why it is essential to monitor and scan the business environment continuously.

### **6. Complex:**

It is very difficult to understand the impact of Business environment on the companies. Although it is easy to

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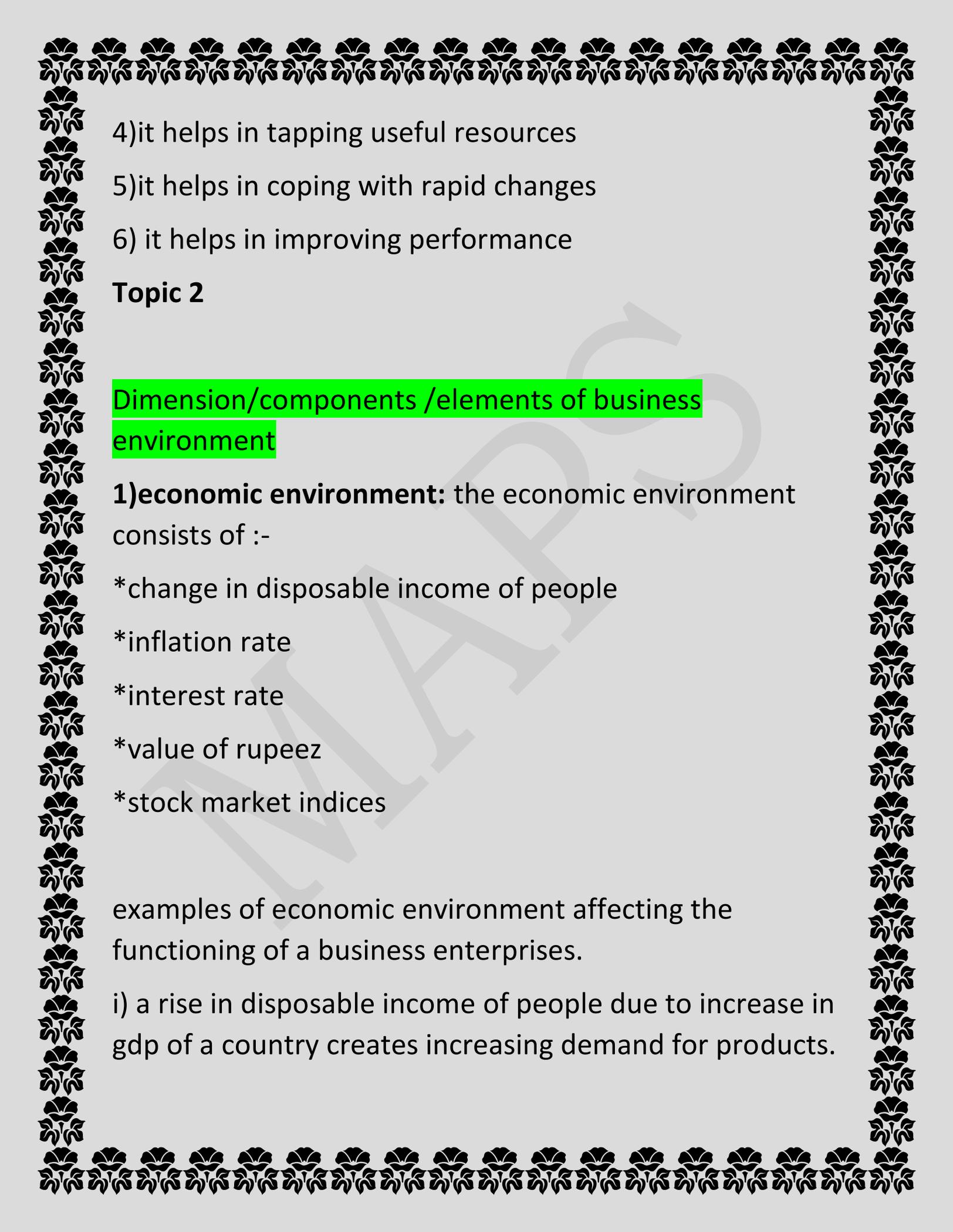
scan the environment but it is very difficult to know how these changes will influence Business decisions. Some-time change may be minor but it might have large impact. For example, a change in government policy to increase the tax rate by 5% may affect the income of company by large amount.

### **7. Relativity:**

The impact of Business environment may differ from company to company or country to country. For example, when consumer organisation CES published the report of finding pesticides in cold drinks, resulted in decrease in sale of cold drinks, on the other hand it increased the sale of juice and other drinks.

## **Importance of business environment**

- 1) it helps the firm to identify opportunities and get the first mover advantage
- 2)it helps the firm to identify threats and early warning signals
- 3)it helps in assisting in planning and policy formulation

- 
- 4)it helps in tapping useful resources
  - 5)it helps in coping with rapid changes
  - 6) it helps in improving performance

## Topic 2

### Dimension/components /elements of business environment

**1)economic environment:** the economic environment consists of :-

- \*change in disposable income of people
- \*inflation rate
- \*interest rate
- \*value of rupee
- \*stock market indices

examples of economic environment affecting the functioning of a business enterprises.

i) a rise in disposable income of people due to increase in gdp of a country creates increasing demand for products.

ii) high inflation rates generally results in constraints on business enterprises because they increase the cost of raw materials or machinery and payment of wages and salaries to employees.

**2) social environment:** the social environment of business include the social forces like:

customs and tradition

social trends

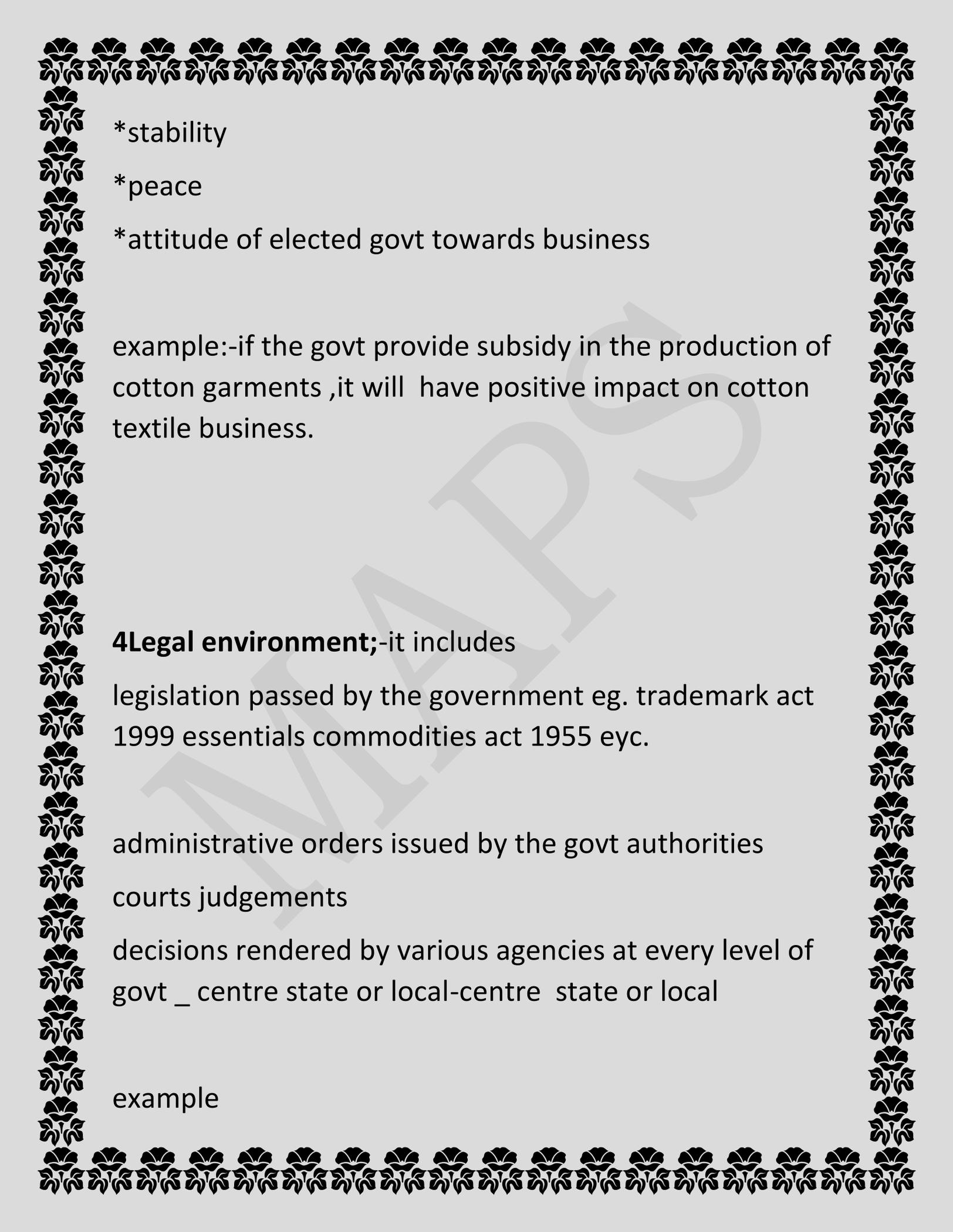
society expectations frm business

values

example

i) Social trends presents various opportunitues and threats to business enterprises . fpr example the health and fitness has created demand for product like diet soft drinks ,gyms ,mineral water etc.

**3politicle environment:-**it includes political condition like

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\*stability

\*peace

\*attitude of elected govt towards business

example:-if the govt provide subsidy in the production of cotton garments ,it will have positive impact on cotton textile business.

**4Legal environment;-it includes**

legislation passed by the government eg. trademark act 1999 essentials commodities act 1955 eyc.

administrative orders issued by the govt authorities

courts judgements

decisions rendered by various agencies at every level of govt \_ centre state or local-centre state or local

example

advertisement for packets of cigarettes must carry the statutory warning:- cigarette is dangerous for health etc.

5 technological environment:- it includes forces relating to:

scientific improvements and innovations which provide new ways of producing goods and services

new method and technique of operating a business

example:-airline companies have internet and www pages where customers can look for flights time destination fares book ticket online etc.

### Topic 3

## impacts of government policy changes on business

**Liberalisation**:- means freeing the Indian business and industry from all unnecessary controls and restrictions .

liberalisation of the Indian industry has taken place with respect to

- \*abolishing licensing requirements in most of the industries
- \* freedom in deciding the scale of business activities.
- \*freedom in fixing the prices of goods and services
- \*reduction in tax rates
- \*simplifying procedure for imports and exports
- \*making easier to attract foreign capital and technology to india.

**Privatisation**:- means giving greater role to the private sector in the nation building process and reducing the role pf the public sector.

to achieve this the govt adopted the policy of planned disinvestment which means transferring the public sector enterprises to the private sector.

**Globalisation**:::-means the integration of our economy with the world economy . it aims at

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import liberalisation  
export promotion  
foreign exchange reforms etc.

The policies of liberalisation, privatisation and globalisation by the government affect the functioning of the business enterprises. The following points highlight the impact of government policy changes on the business and industry.

**i. Increased Competition:** As a result of the policies such as relaxation of the licensing policy and reduction of import duties, the competition faced by the domestic firms increases. India companies experienced competition in service industry such as telecommunication, banking, insurance, etc.

**ii. Increased Demand:** As competition increases, the choice of goods and services for the consumers also increases. Thus, consumers also gain from quality products and greater variety.